



Financial Management Report as of March 31, 2012

AT A GLANCE:

City implements new permit tracking system (page 2 sidebar)

2012 revenues through March continue to be unpredictable due to annexation (page 3)

2012 Sales tax revenue through March is ahead of 2011 (page 5)

Economy sends mixed signals (pages 7-8)

Inside this issue:

Expenditure Summary	2
General Fund Revenue	3
General Fund Expenditures	4
Sales Tax Revenue	5
Economic Environment	7
Investment Report	8
Reserve Summary	10

The Financial Management Report will be a challenge to interpret in 2012 due to annexation, which impacted expenditures and revenues at different times throughout 2011 and 2012. As a result, instead of discussing the comparison of 2012 actual revenues and expenditures to the prior year, this quarter's FMR will compare the 2012 actual results to the 2012 budget and highlight revenues received in 2011 that will be used to offset expenditures budgeted in 2012.

Summary of All Operating Funds: Revenue

- **General Fund** actual 2012 revenue through March is at **19.7 percent** of budget. This does not include \$1.7 million of revenue received from Woodinville Fire and Rescue in December 2011, but budgeted for receipt in 2012. Including this amount, the total revenue received through March would be at 21.9 percent of budget. The 2012 budget includes revenues projected for the new neighborhoods (annexation area), which are coming in lower than projected. A more detailed analysis of General Fund revenue can be found on page 3, and sales tax revenue performance can be found beginning on page 5.
- **Other General Government Funds** actual 2012 revenue through March is at **19.0 percent** of budget. \$1.1 million of one-time County Road Levy revenue budgeted in 2012 to offset authorized expenditures was received in 2011. Including the road tax received in 2011, Other General Government Funds actual 2012 revenue to budget would be at 25.1 percent.
- Actual 2012 revenue for the **Water/Sewer Operating Fund** through March is **24.3 percent** of budget. Sewer rates increased in 2012 5.5 percent and water rates increased 2.2 percent.
- **Surface Water Management Fund** actual 2012 revenue is **4.1 percent** of budget. Surface Water charges are paid with property taxes, which are primarily received in April and October.
- **Solid Waste Fund** actual 2012 revenue through March is **24.0 percent** of budget. This is in line with current Solid Waste expenditures through March. In 2011, Solid Waste customers had the opportunity to move to a smaller can size. More customers moved to a smaller size than expected which caused rate revenue to come in lower than expected. The finance committee began evaluating current rate policies during the first quarter of 2012, this evaluation will continue into the second quarter.

Resources by Fund	Year-to-Date Actual			Budget			% of Budget	
	3/31/2011	3/31/2012	% Change	2011	2012	% Change	2011	2012
General Gov't Operating:								
General Fund	11,864,538	15,389,097	29.7%	68,664,728	78,272,302	14.0%	17.3%	19.7%
Other General Gov't Operating Funds	3,170,115	3,537,668	11.6%	16,672,780	18,578,522	11.4%	19.0%	19.0%
Total General Gov't Operating	15,034,653	18,926,765	25.9%	85,337,508	96,850,824	13.5%	17.6%	19.5%
Utilities:								
Water/Sewer Operating Fund	4,584,248	4,984,834	8.7%	19,807,418	20,540,187	3.7%	23.1%	24.3%
Surface Water Management Fund	267,011	346,467	29.8%	6,847,891	8,372,990	22.3%	3.9%	4.1%
Solid Waste Fund	2,123,972	3,169,993	49.2%	10,040,676	13,209,514	31.6%	21.2%	24.0%
Total Utilities	6,975,231	8,501,294	21.9%	36,695,985	42,122,691	14.8%	19.0%	20.2%
Total All Operating Funds	22,009,884	27,428,059	24.6%	122,033,493	138,973,515	13.9%	18.0%	19.7%

Budgeted and actual revenues exclude resources forward and interfund transfers.



City Implements New Permit Tracking System

On Monday, April 2, 2012, the City of Kirkland put into operation one of the largest software implementation in its history. For the past 24 years, construction, land use, fire, right-of-way permits and business licenses have been tracked in a system that was based on older technology. The new system, EnerGov, provides much more robust features that will make the permit application, review, and issuance process for applicants and city development services staff easier and faster.

The new permit tracking system is dynamically linked with the City's GIS system, hosts historical permit data for the customer to see, and allows for customers to call in to schedule inspections and check the status of a permit. Much of the administrative requirements for processing a permit will now be automated, saving staff time. Permit applicants are asked to be patient with development services and business license staff as the transition is made to the new system.

For more information, contact Tom Phillips, Building Official, City of Kirkland, at 425-587-3604 or tphillips@kirklandwa.gov.

Summary of All Operating Funds: *Expenditures*

- **General Fund** actual expenditures are at **22.8 percent** of budget, 25 percent of the way through the year. Savings are largely due to postponing some annexation-related hiring, position vacancies, lower fire overtime, and jail contract savings. A more detailed analysis of General Fund expenditures by department is found on page 4.
- **Other Operating Funds** actual expenditures through March 2012 are at **21.9 percent** of budget largely due to budgeted vehicle purchases which have not yet occurred and lower facility utility costs. Vehicle costs vary year-to-year depending on the planned replacement cycle. In addition, there are several new annexation-related vehicles budgeted in 2012 which have been delayed and are currently under review. Facility utility costs are down, partially due to milder winter weather, but also from staff conservation efforts and the pay-off from past investments in updated controls and equipment at various locations. Other Operating funds have also seen some savings in personnel costs due to position vacancies, primarily for annexation.
- **Water/Sewer Operating Fund** actual expenditures through March are at **23.5 percent** of budget despite higher water costs. The City pays Cascade Water Alliance (CWA) a set rate for water each month based on average demands over three years (currently 2008-2010).
- **Surface Water Management Fund** actual 2012 expenditures through March are at **18.8 percent** of budget due to delays in hiring annexation-related positions resulting in significant savings in the personnel and supplies categories.
- **Solid Waste Fund** actual 2012 expenditures through March are at **24.3 percent** of budget and in-line with expectations.

Expenditures by Fund	Year-to-Date Actual			Budget			% of Budget	
	3/31/2011	3/31/2012	% Change	2011	2012	% Change	2011	2012
General Gov't Operating:								
General Fund	15,326,644	16,457,267	7.4%	67,878,459	72,219,258	6.4%	22.6%	22.8%
Other General Gov't Operating Funds	3,525,992	3,972,184	12.7%	17,106,576	18,130,670	6.0%	20.6%	21.9%
Total General Gov't Operating	18,852,636	20,429,451	8.4%	84,985,035	90,349,928	6.3%	22.2%	22.6%
Utilities:								
Water/Sewer Operating Fund	4,201,482	4,021,087	-4.3%	16,765,372	17,129,916	2.2%	25.1%	23.5%
Surface Water Management Fund	761,238	1,005,143	32.0%	4,338,938	5,334,002	22.9%	17.5%	18.8%
Solid Waste Fund	2,067,997	3,177,029	53.6%	10,070,151	13,057,781	29.7%	20.5%	24.3%
Total Utilities	7,030,717	8,203,259	16.7%	31,174,461	35,521,699	13.9%	22.6%	23.1%
Total All Operating Funds	25,883,353	28,632,710	10.6%	116,159,496	125,871,627	8.4%	22.3%	22.7%

Budgeted and actual expenditures exclude working capital, operating reserves, capital reserves, and interfund transfers.

General Fund Revenue

Many significant General Fund revenue sources are economically sensitive, such as sales tax and development-related fees.

- **Sales tax** revenue allocated to the General Fund is close to budget expectations at **24.7 percent**. A detailed analysis of total **sales tax** revenue compared to 2011 can be found starting on page 5.
- Selected large General Fund revenues are received in periodic increments, specifically **property tax** (mostly received in April/May and October/November) and **King County EMS** payments (quarterly or semi-annually).
- **Utility tax** receipts, including projected new neighborhood area revenues, are at **26.0 percent** of budget. Telecommunication utility tax revenues, continue the trends of 2011 coming in short of budget expectations at 19.6 percent. The shortfall is currently offset by higher gas and cable utility taxes.
- **Other taxes** actual revenue is at **45.0 percent** of budget due to gambling revenue from the new neighborhoods (annexation area). Note that these taxes are paid on a semi-annual basis.
- The **business licenses (base fee) and franchise fees** are at **26.2 percent** of budget. Both business license and franchise fees are on target with budget expectations.
- The **revenue generating regulatory license** fee is slightly exceeding budget expectations at **27.9 percent** of budget.
- The **development-related fee** revenues, collectively are below budget expectations at **22.3 percent** of budget. **Building permits** and **plan check revenue** collectively are at **15.8 percent** of budget and **engineering services** revenue is at **37.2 percent** of budget. **Planning fees** revenue are at **39.9 percent** of budget primarily due to major Process IIA and Design Board permit revenues.
- **Fines and Forfeitures** are below budget expectations at **9.7 percent** due to lower than expected parking infraction and traffic infraction penalty revenues. This is offset in part by salary savings from a parking enforcement officer, multiple police officer vacancies and delayed hiring of annexation-related court staff.
- **Other financing sources** includes the asset transfer from Woodinville Fire & Rescue that was received in late 2011 and budgeted in 2012. \$175,000 in Interfund Transfers budgeted for the purchase of public safety radios in 2011 will occur later in 2012.

General Fund 2011 revenues are at 19.7 percent of budget, (excluding \$1.7 million of revenue received from Woodinville Fire and Rescue in December 2011).

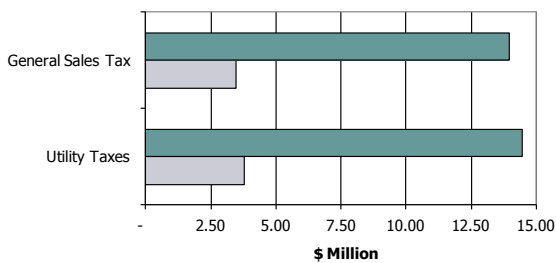
The General Fund is the largest of the General Government Operating funds. It is primarily tax supported and accounts for basic services such as public safety, parks and recreation, and community development.

In 2012, about 421 of the City's 541 regular employees are budgeted within this fund.

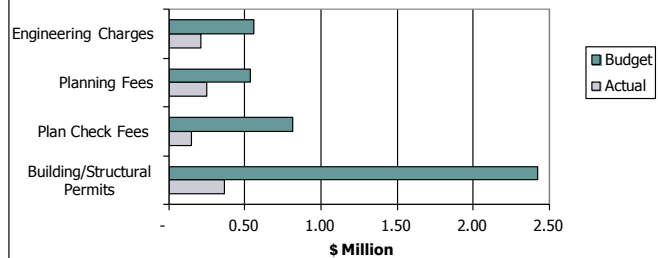
General Fund Resource Category	Year-to-Date Actual			Budget			% of Budget	
	3/31/2011	3/31/2012	% Change	2011	2012	% Change	2011	2012
Taxes:								
Retail Sales Tax: General	3,274,456	3,454,796	5.5%	12,885,899	13,972,010	8.4%	25.4%	24.7%
Retail Sales Tax Credit: Annexation	-	830,130	N/A	1,129,866	3,409,791	N/A	N/A	24.3%
Retail Sales Tax: Criminal Justice	244,298	410,139	67.9%	1,149,997	1,568,112	36.4%	21.2%	26.2%
Property Tax	607,005	866,887	42.8%	13,261,709	16,412,792	23.8%	4.6%	5.3%
Utility Taxes	2,796,567	3,763,958	34.6%	12,436,696	14,460,833	16.3%	22.5%	26.0%
Rev Generating Regulatory License	667,300	665,333	-0.3%	2,344,069	2,386,300	1.8%	28.5%	27.9%
Other Taxes	95,391	452,441	374.3%	312,250	1,005,488	222.0%	30.5%	45.0%
Total Taxes	7,685,017	10,443,684	35.9%	43,520,486	53,215,326	22.3%	17.7%	19.6%
Licenses & Permits:								
Building, Structural & Equipment Permits	334,532	363,762	8.7%	1,748,605	2,423,612	38.6%	19.1%	15.0%
Business Licenses/Franchise Fees	592,014	1,078,295	82.1%	3,014,279	4,109,869	36.3%	19.6%	26.2%
Other Licenses & Permits	86,964	108,390	24.6%	217,579	217,579	0.0%	40.0%	49.8%
Total Licenses & Permits	1,013,510	1,550,447	53.0%	4,980,463	6,751,060	35.6%	20.3%	23.0%
Intergovernmental:								
Grants and Federal Entitlements	202,093	111,127	-45.0%	548,052	137,051	-75.0%	36.9%	81.1%
State Shared Revenues & Entitlements	204,590	260,435	27.3%	947,385	1,227,231	29.5%	21.6%	21.2%
Property Tax - Fire District	-	-	-	-	1,426,568	-	N/A	N/A
Fire District #41	-	-	N/A	3,684,071	-	N/A	N/A	N/A
EMS	-	-	N/A	868,678	866,729	N/A	N/A	N/A
Other Intergovernmental Services	87,667	12,887	-85.3%	533,087	168,540	-68.4%	16.4%	7.6%
Total Intergovernmental	494,350	384,449	-22.2%	6,581,273	3,826,119	-41.9%	7.5%	10.0%
Charges for Services:								
Internal Charges	1,363,430	1,331,273	-2.4%	5,558,328	5,850,356	5.3%	24.5%	22.8%
Engineering Services	131,297	206,632	57.4%	464,146	555,852	19.8%	28.3%	37.2%
Plan Check Fee	93,473	147,862	58.2%	1,115,779	814,484	-27.0%	8.4%	18.2%
Planning Fees	150,418	248,418	65.2%	495,044	536,799	8.4%	30.4%	46.3%
Recreation	311,258	329,273	N/A	1,162,406	1,152,963	N/A	N/A	28.6%
Other Charges for Services	195,369	384,038	96.6%	1,709,373	2,187,273	28.0%	11.4%	17.6%
Total Charges for Services	2,245,245	2,647,496	17.9%	10,505,076	11,097,727	5.6%	21.4%	23.9%
Fines & Forfeits	328,361	269,879	-17.8%	2,435,490	2,781,169	14.2%	13.5%	9.7%
Miscellaneous	98,055	113,135	15.4%	641,940	600,901	-6.4%	15.3%	18.8%
Total Revenues	11,864,538	15,409,090	29.9%	68,664,728	78,272,302	14.0%	17.3%	19.7%
Other Financing Sources:								
Transfer of FD 41 & WFR Balances	-	-	N/A	1,722,725	-	N/A	N/A	N/A
Interfund Transfers	-	-	N/A	275,028	54,853	N/A	N/A	N/A
Total Other Financing Sources	-	-	N/A	1,997,753	54,853	N/A	N/A	N/A
Total Resources	11,864,538	15,409,090	29.9%	70,662,481	78,327,155	10.8%	16.8%	19.7%

General Fund Revenue *continued*

2012 Budget to Actual Comparison of Selected Taxes
(includes annexation area revenue)



2012 Budget to Actual Comparison of Development Related Fees
(includes annexation area revenue)



General Fund Expenditures

General Fund Department Expenditures	Year-to-Date Actual			Budget			% of Budget	
	3/31/2011	3/31/2012	% Change	2011	2012	% Change	2011	2012
Non-Departmental	237,044	290,926	22.7%	1,480,669	1,857,281	25.4%	16.0%	15.7%
City Council	139,518	130,066	-6.8%	321,477	449,021	39.7%	43.4%	29.0%
City Manager's Office	790,906	916,977	15.9%	3,556,701	4,347,959	22.2%	22.2%	21.1%
Human Resources	292,690	298,219	1.9%	1,267,998	1,247,645	-1.6%	23.1%	23.9%
City Attorney's Office	264,300	325,445	23.1%	1,162,037	1,349,047	16.1%	22.7%	24.1%
Parks & Community Services	1,501,985	1,607,923	7.1%	7,108,434	7,595,607	6.9%	21.1%	21.2%
Public Works (Engineering)	831,820	880,800	5.9%	3,771,045	3,846,587	2.0%	22.1%	22.9%
Finance and Administration	978,941	986,424	0.8%	4,097,765	4,527,958	10.5%	23.9%	21.8%
Planning & Community Development	691,799	757,176	9.5%	2,932,820	3,402,313	16.0%	23.6%	22.3%
Police	4,864,255	5,373,405	10.5%	22,201,553	23,422,595	5.5%	21.9%	22.9%
Fire & Building	4,733,386	4,889,906	3.3%	19,977,960	20,173,245	1.0%	23.7%	24.2%
Total Expenditures	15,326,644	16,457,267	7.4%	67,878,459	72,219,258	6.4%	22.6%	22.8%
Other Financing Uses:								
Interfund Transfers	629,344	617,566	-1.9%	3,286,374	3,693,042	12.4%	19.2%	16.7%
Total Other Financing Uses	629,344	617,566	-1.9%	3,286,374	3,693,042	12.4%	19.2%	16.7%
Total Expenditures & Other Uses	15,955,988	17,074,833	7.0%	71,164,833	75,912,300	6.7%	22.4%	22.5%

Budgeted and actual expenditures exclude working capital, operating reserves, and capital reserves.

The 2012 Budget incorporates budget reductions in response to the economic downturn and additions as a result of annexation. The same dynamics impacted the 2011 budget at varying times throughout the year. This creates a challenge comparing 2012 to 2011, therefore, expenditures will only be compared to the 2012 budget.

Comparing first quarter 2012 actual expenditures to the 2012 budget:

Overall, General Fund expenditures are trailing the budget at 22.8 percent of budget, excluding interfund transfers. About half of the under expenditures are a result of salary and benefit savings partially due to delays in hiring for annexation; this savings is not expected to continue at this level through 2012. The remaining under expenditures are primarily due to savings in intergovernmental (timing of ARCH contributions, election costs, and savings in jail contract costs) and professional services.

- Actual 2012 expenditures for the **City Council** are at **29.0 percent** of budget due to a significant portion of dues and memberships paid in the beginning of the year.
- The **City Manager's Office** actuals are at **21.1 percent** of budget due to savings in personnel costs associated with unfilled positions in Municipal Court services.
- Actual 2012 expenditures for **Human Resources** are at **23.9 percent** of budget due to savings in professional services and advertising. This savings is not expected to continue through 2012.
- The **City Attorney's Office** expenditures are at **24.1 percent** of budget due to savings in legal fees.
- Actual 2012 expenditures for the **Parks & Community Services Department** are at **21.2 percent** of budget due to unfilled positions, operating supplies and human services contract payments, the majority of which will occur later in 2012.

2012 General Fund actual first quarter expenditures (excluding "other financing sources") are at 22.8 percent of budget, primarily due to delays in annexation-related hiring and position vacancies in multiple departments, savings in jail costs and fire overtime.

(Continued on page 5)

Financial Management Report as of March 31, 2012

- Actual expenditures for the **Public Works Department** are at **22.9 percent** of budget due to position vacancies and professional services that will occur later in the year.
- The **Finance and Administration Department** expenditures are at **21.8 percent** of budget due to professional services, election costs, and printing expenses which will be incurred later in the year.
- Actual 2012 expenditures for the **Planning and Community Development Department** are at **22.3 percent** of budget due to savings in personnel costs as a result of unfilled positions.
- Actual 2012 expenditures for the **Police Department** are at **22.9 percent** of budget due to savings from delayed annexation-related staffing and increased hiring of laterals (and related expenses) along with position vacancies. In addition, jail costs are under budget about \$300,000 due to contracts with other agencies for lower rates than those charged by King County and an increase in the use of electronic home detention and other sentencing measures as alternatives to jail time.
- Actual 2012 expenditures for the **Fire & Building Department** are at **24.2 percent** of budget due to savings in fire suppression overtime and delayed hiring of annexation-related positions in the Building Division. A reconciliation of the funds received from the assumption of Fire District 41 appears to the right; this includes 2011-2012 revenues and expenditures. The ending total balance of approximately \$5.2 million will be used for the planned fire station consolidation capital project.

Summary of Fire District 41 Funds: Revenues & Expenditures

	Capital	General Government
Revenues:		
Beginning Balance	4,000,000	1,724,497
Fire District Revenues	-	1,872,041
Interest and Other Revenues	22,507	2,697
Total Revenues	4,022,507	3,599,235
Expenditures:		
Operating Costs (per ILA)*	-	169,063
Fire District 2011 Contract	-	2,209,496
Station Consolidation Project	37,872	-
Total Expenditures	37,872	2,378,559
Ending Balance	3,984,635	1,220,676

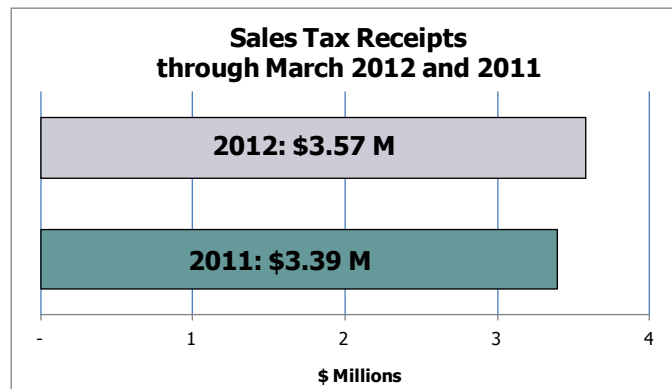
*Includes 2012 obligations

Sales Tax Revenue Analysis 2012

sales tax revenue through March is **up 5.3 percent** compared to the same period in 2011. The 2012 budget assumes a 4.4 percent increase over 2011 actuals. The year to date increase of 5.3 percent is ahead of budget assumptions by just under 1 percent.

Review by business sectors:

- The **general merchandise/miscellaneous retail** sector is **down 5.7 percent** compared to last year due to the one-time large receipt received last year from development-related activity from one key business. Factoring out last year's large one-time receipt, the year to date revenues are 5.1 percent greater than last year.
- The **auto/gas retail** sector is **up 4.4 percent** compared to last year, largely due to the addition of a new dealership in March of last year and positive performance by a few key retailers.
- The **retail eating/drinking** sector performance is **up 13.6 percent** compared to last year. About 56 percent of the revenue increase is from eating and drinking establishments in the new neighborhoods.
- Other retail** is **up 24.9 percent** compared to last year. About 43 percent, or \$44,000 of the increase, is revenue from retail establishments in the new neighborhoods. The **services** sector is **up 7.2 percent** compared to last year, largely due to positive performance in the repairs and maintenance, administrative support, health care, arts and entertainment, and accommodations categories and despite negative performance in the professional scientific and internet categories. The accommodations sector is up 9.8 percent or about \$5,700.
- Wholesale** is **up 9.8 percent** compared to last year largely due to increases in sales in the furniture and computer equipment categories.
- The **communications** sector is **down 35.3 percent** compared to last year due to one-time revenues in February 2011 in the telecommunications category. Factoring out this one-time revenue, this category would be up 5.3 percent compared to last year.
- The **contracting** sector is **up 12.7 percent** compared to last year. Some of the gain in this category is due to the construction of two new elementary schools in the new neighborhoods.



Streamlined Sales Tax

Local coding sales tax rules changed in as a result of Washington State joining the national Streamlined Sales Tax Agreement. Negative impacts from this change are mitigated by the State of Washington. First quarter 2012 revenue is about \$27,000, trending slightly under budget. This revenue source has been reduced due to the impact of state budget decisions.

Neighboring Cities Sales Tax

Bellevue was up only 0.1 percent and Redmond was down 0.4 percent through March compared to the same period in 2011.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January-March		Dollar Change	Percent Change	Percent of Total	
	2011	2012			2011	2012
Services	429,698	460,570	30,872	7.2%	12.7%	12.9%
Contracting	428,700	482,936	54,236	12.7%	12.6%	13.5%
Communications	163,897	106,015	(57,882)	-35.3%	4.8%	3.0%
Auto/Gas Retail	803,055	838,545	35,490	4.4%	23.7%	23.5%
Gen Merch/Misc Retail	544,296	513,007	(31,289)	-5.7%	16.0%	14.4%
Retail Eating/Drinking	262,693	298,289	35,596	13.6%	7.7%	8.4%
Other Retail	416,290	519,863	103,573	24.9%	12.3%	14.6%
Wholesale	152,544	167,569	15,025	9.8%	4.5%	4.7%
Miscellaneous	190,789	185,502	(5,287)	-2.8%	5.6%	5.2%
Total	3,391,962	3,572,296	180,334	5.3%	100.0%	100.0%

Kirkland's sales tax base is comprised of a variety of businesses which are grouped and analyzed by business sector (according to NAICS, or "North American Industry Classification System"). Nine business sector groupings are used to compare 2011 and 2012 year-to-date sales tax receipts in the table to the left.

City of Kirkland Actual Monthly Sales Tax Receipts

Month	Sales Tax Receipts		Dollar Change	Percent Change
	2011	2012		
January	1,082,225	1,104,023	21,798	2.0%
February	1,366,850	1,413,587	46,737	3.4%
March	942,887	1,054,686	111,799	11.9%
Total	3,391,962	3,572,296	180,334	5.3%

When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two month lag from the time that sales tax is collected to the time it is distributed to the City. For example, sales tax received by the City in March is for sales activity in January. Monthly sales tax receipts through March 2011 and 2012 are compared in the table above.

- The comparison includes revenues from the new neighborhoods in 2012.
- Monthly revenue performance in 2012 continues the improvements seen in 2011.
- January 2012 was slightly ahead of January 2011. A large one-time receipt in January 2011 skews the comparison. The increase is 7.6 percent after factoring out this one-time event.
- Receipts for February were also skewed by a large one time adjustment in the communications category and the revenues from the new neighborhoods. Factoring out these revenues results in an increase of 1.8 percent.
- March revenue also includes revenues from the new neighborhoods. Factoring out revenues from the new neighborhoods results in an increase of 8.1 percent.

Kirkland's sales tax base is further broken down by business district (according to geographic area), as well as "unassigned or no district" for small businesses and businesses with no physical presence in Kirkland.

Comparing to the same period last year:

Totem Lake, which accounts for about 29 percent of the total sales tax receipts, is **up 1.7 percent** due to improvements in automotive/gas retail and despite poor performance in several of the retail sales categories in 2012. About 58 percent of this business district's revenue comes from the auto/gas retail sector.

NE 85th Street, which accounts for 15 percent of the total sales tax receipts, is **up 1.8 percent** primarily due to an increase in other retail, retail eating/drinking and automotive/gas retail categories. These sectors, along with general merchandise/miscellaneous retail, contribute almost 86 percent of this business district's revenue.

Downtown, which accounts for over 6 percent of the total sales tax receipts, is **up 3.9 percent** due to positive performance in the retail apparel/general merchandise category and retail eating/drinking category. The retail eating/drinking sector, accommodations and other retail provide almost 71 percent of this business district's revenue.

Carillon Point & Yarrow Bay, which account for 2 percent of the

total sales tax receipts, are **down 56.4 percent** compared to last year primarily due to a one-time revenues in the other retail category in February 2011. About 69 percent of this business district's revenue comes from business services, retail eating/drinking and accommodations.

Houghton & Bridle Trails, which account for more than 2 percent of the total sales tax receipts, are **up 14.9 percent** collectively due to strong performance in the other retail category. The retail sectors provide about 74 percent of these business districts' revenue.

Juanita, which accounts for about 2 percent of the total sales tax receipts are **up 0.1 percent**. Increases in the retail eating/drinking are offset by poor performance in the business services category. These sectors, along with miscellaneous retail provide, about 75 percent of this business district's revenue.

North Juanita, Kingsgate, & Finn Hill account for more than 3 percent of the total sales tax receipts. Sales tax receipts for these business districts continue to perform below budget projections. Retail eating/drinking and food retail sectors provide about 67 percent of these business districts sales tax revenues.

Year-to-date sales tax receipts by business district for 2011 and 2012 are compared in the table on the next page.

When reviewing sales tax receipts by business district, it's important to point out that more than 44 percent of the revenue received in 2012 is in the "unassigned or no district" category largely due to contracting and other revenue, which includes revenue from Internet, catalog sales and other businesses located outside of the City.

City of Kirkland Sales Tax by Business District

Business District	Jan-Mar Receipts		Dollar Change	Percent Change	Percent of Total	
	2011	2012			2011	2012
Totem Lake	1,036,023	1,053,376	17,353	1.7%	30.5%	29.5%
NE 85th St	524,723	534,425	9,702	1.8%	15.5%	15.0%
Downtown	218,474	227,086	8,612	3.9%	6.4%	6.4%
Carillon Pt/Yarrow Bay	165,024	71,997	(93,027)	-56.4%	4.9%	2.0%
Houghton & Bridle Trails	83,118	95,534	12,416	14.9%	2.5%	2.7%
Juanita	62,423	62,476	53	0.1%	1.8%	1.7%
Kingsgate	-	43,873	43,873	N/A	0.0%	1.2%
North Juanita	-	54,794	54,794	N/A	0.0%	1.5%
Finn Hill	-	25,428	25,428	N/A	0.0%	0.7%
Unassigned or No District:						
Contracting	428,700	482,764	54,064	12.6%	12.6%	13.5%
Other	873,477	920,543	47,066	5.4%	27.6%	30.9%
Total	3,391,962	3,572,296	180,334	5.3%	100.0%	100.0%

Sales Tax Revenue Outlook Sales tax receipts for 2012 continue to indicate a slow recovery and the normal revenue volatility associated with sales tax revenues. The services, contracting, automotive/gas retail and other retail sectors contributed the largest amount of gain, but these sectors are very sensitive to economic conditions. The contracting sector has shown small signs of recovery, some of this gain is due to the construction two new elementary schools in the new neighborhoods. The impact from streamlined sales tax sourcing rule changes has negatively impacted some sectors, but is offset by gains in others. Anticipating revenues from the new neighborhoods in 2012, the budget includes a 4.4 percent increase over 2011 actual. Year to date sales tax revenue is approximately 27 percent of the 2012 budget which is similar to the trends over the last years. The slow economic recovery poses significant risk to the City's ability to maintain services, since sales tax is one of the primary sources of general fund revenue.

OFFICE VACANCIES:

According to CB Richard Ellis Real Estate Services, the Eastside office vacancy rate was 14.5 percent for the first quarter of 2012 compared to 17.4 percent for the first quarter of 2011. Kirkland's 2012 vacancy rate is 6.4 percent, significantly lower than the 2011 rate of 21.6 percent and one of the lowest vacancy rates in King County.

The Puget Sound office market has recorded eight consecutive quarters of positive absorption, which makes it one of the stronger performing markets in the country.

A positive outlook, along with a shortage of larger blocks of vacant spaces, has developers proposing 10 million square feet of new office space in Bellevue and Seattle.

LODGING TAX REVENUE:

Lodging tax revenue ended the first quarter of 2012 at 20.4 percent of the budget and 11.9 percent ahead of the same period in 2011.

Economic Environment Update The Washington state economy is giving off mixed signals in the first quarter of 2012. Employment growth is slightly higher than expected, but earlier estimates had been revised down, so it remains lower than previously anticipated. Housing construction was stronger than expected, but prices remain depressed. Aerospace employment continues to expand, but more slowly than 2011. On the upside, the state has experienced a significant increase in new automobile and truck sales and the Seattle area ranked eighth in number of jobs added over the last 12 months. However, the risks to the economy remain high. Oil and gasoline prices have stabilized somewhat, but the financial crisis in Europe remains a real possibility. Next year, there is a risk of financial contraction if tax cuts expire as scheduled, the 2 percent payroll tax holiday and extended unemployment benefits end, and the automatic spending cuts mandated by the Budget Control Act are implemented. The state's economy is expected to outperform the national economy this year by a slight margin.

The U.S. **consumer confidence index** in March was close to the one-year high, but slightly declined to 70.2 from 71.6 (revised) in February. Positive factors include the best six months of job growth since 2006, unemployment at a 3-year low, and stock market gains. All of these factors have helped boost consumer confidence despite higher fuel costs. The improving job market and stabilizing housing market have encouraged a growing number of Americans to say they plan to buy cars, homes, and appliances. An index of 90 indicates a stable economy and one at or above 100 indicates growth.

King County's **unemployment rate** was **7.1 percent** in March 2012 compared to 8.4 percent in March 2011. King County's unemployment rate is lower than the Washington State and national rates, which were 8.3 and 8.2 percent respectively. The unemployment rate in Kirkland for March was 6 percent compared to 7.2 percent in March 2011.

Local survey indices are also mixed. The Western Washington Purchasing Manager index fell in March to 65 from 71.2 in February. However, while optimism slipped, a score above 50 suggest a growing economy. A northwest regional survey of 206 business executives by Hebert Research

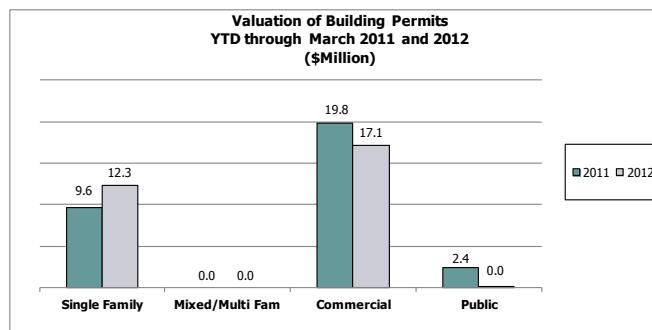
(Continued on page 8)

indicates business leaders expected a slight improvement in the economy this year. The confidence score of 54 is ahead of last year's score of 50, but far below a "high confidence" score that would be in the 70 range. The survey cited reasons for low confidence as uncertainty about government regulations, taxes, and rising fuel costs. Another survey of Seattle executives by Washington State University School of Economic Sciences and the Seattle Business Executives Association indicated more optimism and expectations of modest growth in 2012.

Local **development activity** through March comparing 2011 to 2012 as measured by the valuation of City of Kirkland building permits is illustrated in the chart to the right. Overall activity is down about 7 percent from last year primarily due to declines in the commercial and public sectors and despite strong gains in single family construction, which is up about 28 percent over the same period last year. There has been no activity in mixed used development in either 2011 or 2012.

Closed sales of **new and existing single-family homes** on the Eastside were up 8.9 percent in March 2012 compared to March 2011. However, the median price of a single family home decreased 5.5 percent to \$470,000. Closed sales of condos were up 35.3 percent and median prices declined by 12.5 percent to \$209,975. Overall closed sales of homes and condos in King County were up 10.5 percent. An indication of increased market activity are pending sales, which were up 31.1 percent and inventory numbers are declining, which may help reverse the downward trend on prices. Activity in the Kirkland submarket remains strong.

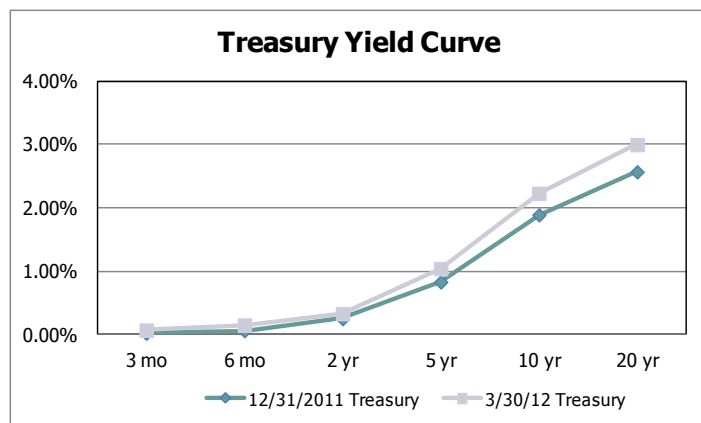
Seattle metro consumer price index (CPI) fluctuated throughout 2011, peaking at 4.3 percent in October, but averaging 3.2 percent for the year. The Seattle index is calculated on a bi-monthly basis and the most recent index in February was 2.8 percent. The national index also fluctuated throughout 2011, peaking at 4.4 percent with an annual average of 3.6 percent. The latest index in March was 2.9 percent. It appears that both local and national inflation rates in the first quarter of 2012 are trending lower than most of 2011.



Investment Report

MARKET OVERVIEW

The Fed Funds rate remained at 0.25 percent during the first quarter of 2012 as the economy continued its below average recovery. As can be seen in the accompanying graph, the Treasury yield curve rose slightly with increasing gains on the long end of the curve.



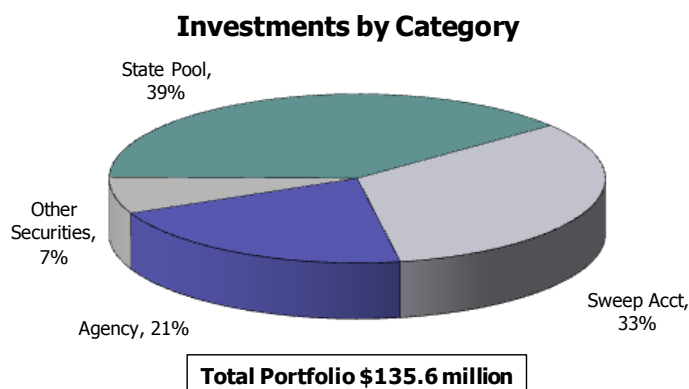
Diversification

The City's current investment portfolio is composed of Government Sponsored Enterprises (GSEs) bonds, State and Local Government bonds, the State Investment Pool and an overnight bank sweep account. Kirkland's investment policy allows up to 100 percent of the portfolio to be invested in U.S. Treasury or U.S. Government Sponsored Enterprises (GSEs) securities with a limit of 30 percent of the portfolio invested in any one agency.

CITY PORTFOLIO

It is the policy of the City of Kirkland to invest public funds in a manner which provides the highest investment return with maximum security while meeting the City's daily cash flow requirements and conforming to all Washington state statutes governing the investment of public funds.

The primary objectives for the City of Kirkland's investment activities are: legality, safety, liquidity and yield. Additionally, the City diversifies its investments according to established maximum allowable exposure limits so that reliance on any one issuer will not place an undue financial burden on the City.



The City's portfolio decreased in the first quarter of 2012 to \$135.6 million compared to \$137.4 million on December 31, 2011. The decrease in the portfolio is related to the normal cash flows of the first quarter, as the first half of property taxes is not received until the end of April.

2012 ECONOMIC OUTLOOK and INVESTMENT STRATEGY

The outlook for growth in the U.S. economy is mostly unchanged from three months ago, according to 45 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The U.S. economy is expected to grow at an annual rate of 2.3 percent in 2012. CPI inflation is expected to average 2.0 percent in 2012 and 2.2 percent in 2013. The unemployment rate is expected to average 8.3 percent in 2012 and fall to 7.9 percent in 2013. The Fed Funds rate, currently at 0.25%, is expected to remain at this level throughout 2013 and into 2014.

The duration and earnings of the portfolio will continue to decrease as securities mature and are called. Opportunities for increasing portfolio returns are scarce as short-term interest rates continue at historically low levels. New security purchases will be made as opportunities to obtain moderate returns become available. During periods of low interest rates the portfolio duration should be kept shorter with greater liquidity so that the City is in a position to be able to purchase securities with higher returns when interest rates begin to rise. The State Pool is currently at 0.15% and will continue to remain low as the Fed Funds rate remains at 0.00 to 0.25 percent. Total estimated investment income for the City of Kirkland in 2012 is \$800,000.

Investment Report *continued*

Liquidity

The target duration for the City's portfolio is based on the 2 year treasury rate which increased from 0.25 percent on December 31, 2011 to 0.33 percent on March 30, 2012. The average maturity of the City's investment portfolio decreased slightly from 0.79 years on December 31, 2011 to 0.75 years on March 31, 2012 due to the longer term securities being called as the interest rates continue to drop.

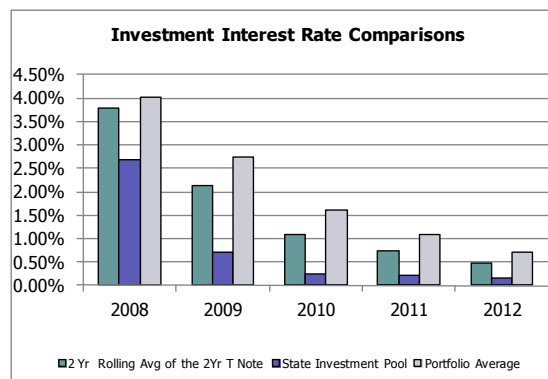
Yield

The City Portfolio yield (interest earnings) to maturity decreased from 0.79 percent on December 31, 2011 to 0.69 percent on March 31, 2012. Through March 31, 2012, the City's annual average yield to maturity was 0.70 percent.

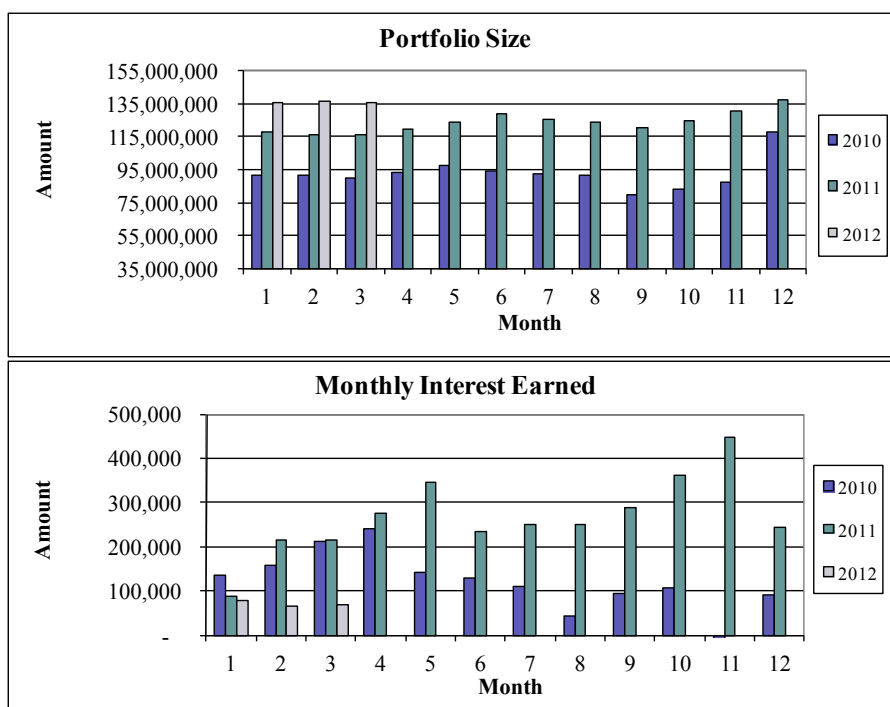
The City's portfolio benchmark is the range between the 90 day Treasury Bill and the 2 year rolling average of the 2 year Treasury Note. This benchmark is used as it is reflective of the maturity guidelines required in the Investment Policy adopted by City Council. The City's portfolio outperformed the 90 day T Bill (0.07 percent) at 0.09 percent and was below the 2 year rolling average of the 2 year Treasury Note (0.47 percent), on March 31, 2012. The cash yield will increase later in the year as the bulk of the interest earnings come in June and July.

The City's practice of investing further out on the yield curve than the State Investment Pool results in earnings higher than the State Pool during declining interest rates and lower earnings than the State Pool during periods of rising interest rates. This can be seen in the adjacent graph.

Benchmark Comparison	December 31, 2011	March 31, 2011
City Yield to Maturity (YTM)	0.79%	0.69%
City Average YTM	1.05%	0.70%
City Year to Date Cash Yield	1.02%	0.09%
90 Day Treasury Bill	0.02%	0.07%
2 yr T Note 2 Yr Avg YTM	0.54%	0.47%



The charts below compare the monthly portfolio size and interest earnings for 2010 through March 2012.



Reserves are an important indicator of the City's fiscal health and effectively represent "savings accounts" that are established to meet unforeseen budgetary needs (general purpose reserves) or are dedicated to a specific purpose. The reserves are listed with their revised estimated balances at the end of the biennium as of March 31, 2012.

Reserve Analysis

General Purpose Reserves

- The **Revenue Stabilization Reserve** was used almost in its entirety during the 2009-10 biennium as part of the budget balancing strategy to address the severe economic downturn, which allowed the City to mitigate some negative impacts to services. General Fund 2010 year-end cash was used to replenish this reserve in the amount of \$600,000 in 2011 and an additional \$500,000 replenishment was made as part of the Mid-Biennial budget process. Further replenishment will remain a high priority.
- The **Building and Property Reserve** has been identified as an available funding source for facility expansion and renovation projects, which include the new Public Safety Building, and possibly the Eastside Rail Corridor purchase.

General Capital Reserves

- The downturn in real estate transactions over the last few years has significantly impacted **Real Estate Excise Tax (REET)** collections resulting in adjustments to capital project planning to reflect available funding. Through March 31, 2012 REET revenues saw a 92 percent increase over 2010 largely due to the sale of a property which occurred in January for \$47 million. REET revenues are at 56.2 percent of budget 25 percent of the way through the year.
- **Impact fees** have also been significantly impacted by the sale of the property in January. 2012 revenue is currently 18 percent ahead of the same period in 2011 with increases in both transportation and park impact fees. Transportation fees through March 31, 2012 are at 70.8 percent of the 2012 budget and park fees are at 60.6 percent. There is no planned use for capital projects in the current budget cycle, since these revenue sources were expected to remain extremely low compared to historical trends until development activity improves.

General Government & Utility Reserves Targets Summary

Reserves	2011 Beginning Balance	Adopted 2012 Ending Balance	Revised 2012 Ending Balance	2011-12 Target	Revised Over (Under) Target
GENERAL PURPOSE RESERVES WITH TARGETS					
General Fund Reserves:					
General Fund Contingency	50,000	50,000	50,000	50,000	0
General Oper. Reserve (Rainy Day)	2,806,513	2,806,513	2,806,513	4,127,496	(1,320,983)
Revenue Stabilization Reserve	131,431	731,431	1,231,431	2,279,251	(1,047,820)
Council Special Projects Reserve	201,534	251,534	196,534	250,000	(53,466)
Contingency	2,051,870	2,201,870	2,201,870	4,016,232	(1,814,362)
General Capital Contingency:	4,844,957	4,669,463	3,919,463	6,766,320	(2,846,857)
General Purpose Reserves with Targets	10,086,305	10,710,811	10,405,811	17,489,299	(7,083,488)
ALL OTHER RESERVES WITH TARGETS					
General Fund Reserves:					
Litigation Reserve	70,000	70,000	55,000	50,000	5,000
Firefighter's Pension Reserve	1,595,017	1,734,215	1,734,215	1,568,207	166,008
Health Benefits Fund:					
Claims Reserve	0	1,424,472	1,424,472	1,424,472	0
Rate Stabilization Reserve	0	500,000	500,000	500,000	0
Excise Tax Capital Improvement:					
REET 1	1,530,280	1,019,907	870,520	1,035,000	(164,480)
REET 2	7,121,695	4,975,718	4,692,465	11,484,000	(6,791,535)
Water/Sewer Operating Reserve:	1,979,380	1,979,380	1,939,380	1,979,380	(40,000)
Water/Sewer Debt Service Reserve:	822,274	508,717	508,717	508,717	0
Water/Sewer Capital Contingency:	1,793,630	1,793,630	1,793,630	250,000	1,543,630
Surface Water Operating Reserve:	412,875	412,875	412,875	412,875	0
Surface Water Capital Contingency:	858,400	858,400	858,400	758,400	100,000
Other Reserves with Targets	16,183,551	15,277,314	14,789,674	19,971,051	(5,181,377)
Reserves without Targets	30,815,305	36,462,059	35,930,427	n/a	n/a
Total Reserves	57,085,161	62,450,184	61,125,912	n/a	n/a

The target comparison reflects revised ending balances to the targets established in the budget process for those reserves with targets.

General Purpose reserves are funded from general revenue and may be used for any general government function.

All Other Reserves with Targets have restrictions for use either from the funding source or by Council-directed policy (such as the Litigation Reserve).

The summary to the right details all Council authorized uses and additions through March 31, 2012.

USES AND ADDITIONS HIGHLIGHTS

RESERVE	AMOUNT	DESCRIPTION
2011-12 Council Authorized Uses		
2011 First Quarter Total Uses	\$248,253	
2011 Second Quarter Total Uses	\$13,000	
2011 Third Quarter Total Uses	\$342,352	
2011 Fourth Quarter Total Uses	\$919,853	
Water/Sewer Construction Reserve	\$272,000	120th Ave NE Watermain Replacement
	\$39,500	I-405 WSDOT Const. Agreement Utilities Protect
2011-12 Council Authorized Additions		
Council Special Projects Reserve	\$3,000	CDBG Funding Request Withdrawn
Revenue Stabilization Reserve	\$500,000	Replenishing Revenue Stabilization Reserve
Radio Reserve	\$7,686	Reimbursement from NORCOM

General Fund and Contingency reserves are funded from general purpose revenue and are governed by Council-adopted policies.

Note: Fund structure changes required by new accounting standards moved many of the General Purpose reserves out of the Parks & Municipal Reserve Fund (which was closed) and to the General Fund.

Special Purpose reserves reflect both restricted and dedicated revenue for specific purpose, as well as general revenue set aside for specific purposes.

General Capital Reserves provide the City the ability to respond to unexpected changes in costs and accumulate funds for future projects. It is funded from both general revenue and restricted revenue.

Utility reserves are funded from utility rates and provide the utilities with the ability to respond to unexpected costs and accumulate funds for future replacement projects.

Internal service funds are funded by charges to operating departments. They provide for the accumulation of funds for replacement of equipment, as well as the ability to respond to unexpected costs.

Reserves	Description	2011 Beginning Balance	Adopted 2012 Ending Balance	Additional Authorized Uses/ Additions	Revised 2012 Ending Balance
GENERAL FUND/CONTINGENCY					
General Fund Reserves:					
General Fund Contingency	Unexpected General Fund expenditures	50,000	50,000	0	50,000
General Oper. Reserve (Rainy Day)	Unforeseen revenues/temporary events	2,806,513	2,806,513	0	2,806,513
Revenue Stabilization Reserve	Temporary revenue shortfalls	131,431	731,431	500,000	1,231,431
Building & Property Reserve	Property-related transactions	2,137,598	2,137,598	0	2,137,598
Council Special Projects Reserve	One-time special projects	201,534	251,534	(55,000)	196,534
Contingency	Unforeseen expenditures	2,051,870	2,201,870	0	2,201,870
Total General Fund/Contingency		7,378,946	8,178,946	445,000	8,623,946
SPECIAL PURPOSE RESERVES					
General Fund Reserves:					
Litigation Reserve	Outside counsel costs contingency	70,000	70,000	(15,000)	55,000
Labor Relations Reserve	Labor negotiation costs contingency	70,606	70,606	0	70,606
Police Equipment Reserve	Equipment funded from seized property	50,086	50,086	0	50,086
LEOFF 1 Police Reserve	Police long-term care benefits	618,079	618,079	0	618,079
Facilities Expansion Reserve	Special facilities expansions reserve	800,000	800,000	0	800,000
Development Services Reserve	Revenue and staffing stabilization	486,564	636,564	(57,000)	579,564
Tour Dock	Dock repairs	81,745	81,745	0	81,745
Tree Ordinance	Replacement trees program	29,117	29,117	(10,000)	19,117
Donation Accounts	Donations for specific purposes	185,026	185,026	0	185,026
Revolving Accounts	Fee/reimbursement for specific purposes	436,386	436,386	(2,318)	434,068
Lodging Tax Fund	Tourism program and facilities	146,384	123,566	(15,000)	108,566
Cemetery Improvement	Cemetery improvements/debt service	439,415	439,415	0	439,415
Off-Street Parking	Downtown parking improvements	10,776	10,776	(1,500)	9,276
Firefighter's Pension	Long-term care/pension benefits	1,595,017	1,734,215	0	1,734,215
Total Special Purpose Reserves		5,019,201	5,285,581	(100,818)	5,184,763
GENERAL CAPITAL RESERVES					
Excise Tax Capital Improvement:					
REET 1	Parks/transportation/facilities projects, parks debt service	1,530,280	1,019,907	(149,387)	870,520
REET 2	Transportation capital projects	7,121,695	4,975,718	(283,253)	4,692,465
Impact Fees					
Roads	Transportation capacity projects	525,095	1,112,245	0	1,112,245
Parks	Parks capacity projects	2,033	3,038	0	3,038
Street Improvement	Street improvements	1,092,258	1,092,258	(42,000)	1,050,258
General Capital Contingency	Changes to General capital projects	4,844,957	4,669,463	(750,000)	3,919,463
Total General Capital Reserves		15,116,318	12,872,629	(1,224,640)	11,647,989
UTILITY RESERVES					
Water/Sewer Utility:					
Water/Sewer Operating Reserve	Operating contingency	1,979,380	1,979,380	(40,000)	1,939,380
Water/Sewer Debt Service Reserve	Debt service reserve	822,274	508,717	0	508,717
Water/Sewer Capital Contingency	Changes to Water/Sewer capital projects	1,793,630	1,793,630	0	1,793,630
Water/Sewer Construction Reserve	Replacement/re-prioritized/new projects	7,870,665	9,871,542	(411,500)	9,460,042
Surface Water Utility:					
Surface Water Operating Reserve	Operating contingency	412,875	412,875	0	412,875
Surface Water Capital Contingency	Changes to Surface Water capital projects	858,400	858,400	0	858,400
Surface Water-Transp. Related Rsv	Replacement/re-prioritized/new projects	2,483,250	3,666,250	0	3,666,250
Surface Water Construction Reserve	Trans. related surface water projects	2,848,125	3,376,431	0	3,376,431
Total Utility Reserves		19,068,599	22,467,225	(451,500)	22,015,725
INTERNAL SERVICE FUND RESERVES					
Health Benefits:					
Claims Reserve	Health benefits self insurance claims	0	1,424,472	0	1,424,472
Rate Stabilization Reserve	Rate stabilization	0	500,000	0	500,000
Equipment Rental:					
Vehicle Reserve	Vehicle replacements	7,718,221	8,047,063	0	8,047,063
Radio Reserve	Radio replacements	0	0	7,686	7,686
Information Technology:					
PC Replacement Reserve	PC equipment replacements	258,311	318,646	0	318,646
Technology Initiative Reserve	Technology projects	690,207	690,207	0	690,207
Major Systems Replacement Reserve	Major technology systems replacement	245,500	84,900	0	84,900
Facilities Maintenance:					
Operating Reserve	Unforeseen operating costs	550,000	550,000	0	550,000
Facilities Sinking Fund	20-year facility life cycle costs	1,039,858	2,030,515	0	2,030,515
Total Internal Service Fund Reserves		10,502,097	11,721,331	7,686	11,729,017
Grand Total		57,085,161	62,450,184	(1,324,272)	61,125,912



123 5th Avenue

Kirkland, Washington 98033

425-587-3101

- ◆ Tracey Dunlap, Director of Finance & Administration
- ◆ Michael Olson, Deputy Director of Finance & Administration
- ◆ Sri Krishnan, Financial Planning Manager
- ◆ Neil Kruse, Senior Financial Analyst
- ◆ Tammy McCorkle, Budget Analyst
- ◆ Karen Terrell, Budget Analyst

www.kirklandwa.gov

The Financial Management Report (FMR) is a high-level status report on the City's financial condition that is produced quarterly.

- It provides a **summary budget to actual comparison** for year-to-date revenues and expenditures for all operating funds.
- The **Sales Tax Revenue Analysis** report takes a closer look at one of the City's larger and most economically sensitive revenue sources.
- **Economic environment** information provides a brief outlook at the key economic indicators for the Eastside and Kirkland such as office vacancies, residential housing prices/sales, development activity, inflation and unemployment.
- The **Investment Summary** report includes a brief market overview, a snapshot of the City's investment portfolio, and the City's year-to-date investment performance.
- The **Reserve Summary** report highlights the uses of and additions to the City's reserves in the current year as well as the projected ending reserve balance relative to each reserve's target amount.

Economic Environment Update References:

- Peter Neurath, *Most local execs expect revenue will rise, survey finds*, Puget Sound Business Journal, March 23, 2012
- Lorraine Woellert and Shobhana Chandra, *Consumer Confidence in U.S. Holds Close to One-Year High*, bloomberg.com, March 27, 2012
- *NW purchasing manager optimism declines*, Puget Sound Business Journal, April 7, 2012
- *Seattle execs' business optimism rises: Survey*, Puget Sound Business Journal, May 10, 2012
- *Seattle No. 8 in number of jobs added among U.S. metro areas*, Puget Sound Business Journal, May 17, 2012
- Economic & Revenue Update—Washington State Economic & Revenue Forecast Council
- CB Richard Ellis Real Estate Services, Market View Puget Sound, First Quarter 2012
- Northwest Multiple Listing Service
- U.S. Bureau of Labor Statistics
- Washington State Employment Security Department
- Washington State Department of Revenue
- Washington State Department of Labor & Industries
- City of Kirkland Building Division
- City of Kirkland Finance & Administration Department